The town's name honors William Mattoon, who helped construct the Terre Haute and Alton Railroad. The projected junction of this rail line with the Illinois Central in 1854 convinced local settlers that the land was an ideal site for a community. Swamp grass and prairie would give way to steel rails, homes and businesses.

With the westward movement of the railroads, Mattoon prospered and grew at a surprising rate. The first churches, schools and businesses were established. The town counted more than 100 buildings by 1856. The following year, officials of the growing community started the steps to incorporate. In 1861, the final charter was adopted.

The Lincoln family has long been part of the area's history. They first settled in Coles County in 1831 on a farm about three miles south of the future site of Mattoon. Although he never lived in Coles County, the future President of the United States, Abraham Lincoln, frequently traveled through the area as a circuit-riding lawyer. One of the famous debates with Stephen Douglas took place in Coles County in 1858.

Manufacturing became an important part of the local economy between World War I and World War II. The discovery of oil in 1940 gave Mattoon's growth yet another boost.

Throughout its development, a key to Mattoon's prosperity has been its location in the great Midwestern farmbelt. The rich, black farmland around Mattoon is abundantly productive.